SUES TO BREAK STEAMSHIP POOL: GOVERNMENT ALLEGES THAT BIG ATLANTIC
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SUES TO BREAK STEAMSHIP POOL

Government Alleges That Big Atlantic Lines Fixed Rates and Divided Traffic.

COMPETITORS KILLED OFF

"Fighting Ships" Sent Against Rivals to Win Passengers by Cutting Steerage Fares.

EMBARGO ON POOL CRAFT

Court Asked to Keep Them from Using American Ports Until They Give Up Their Contract.

Based on the discovery of a contract for the control of steerage traffic and rates between the United States and Europe, suit was instituted yesterday in the United States Circuit Court against practically all the transatlantic steamship companies participating in the steerage business as members of the Atlantic Steamship Conference. The action was brought under the Sherman Anti-Trust act, and the most drastic means are sought to break up the combination.

Here is the list of companies made defendants in the Government's suit:

THE ALLAN STEAMSHIP COMPANY, LIMITED.
INTERNATIONAL MERCANTILE MARINE COMPANY.
INTERNATIONAL NAVIGATION COMPANY.
ANCHOR LINE, (HENDERSON BROTHERS,) LIMITED.
CANADIAN PACIFIC RAILWAY COMPANY.
CUNARD STEAMSHIP COMPANY.
BRITISH AND NORTH ATLANTIC STEAM NAVIGATION COMPANY, LIMITED.
HAMBURG-AMERICAN LINE.
HOLLAND-AMERICA LINE.
NORTH GERMAN LLOYD LINE.
RED STAR LINE.
WHITE STAR LINE.
RUSSIAN EAST ATLANTIC STEAMSHIP COMPANY, LIMITED.

Following are the individual defendants:

Bryce J. Allan of the Allan Line, A. S. Franklin and John Lee of the International Mercantile Marine, William Coverly of the Anchor Line, Charles E. Sumner of the Cunard Line, Emil L. Boas of the Hamburg-American Line, Adrian Gips of the Holland-America Line, Gustav H. Schwab, Herman C. Von Post, and Gustav H. Schwab, Jr., of the North German Lloyd, Max Straus of the Russian East Asiatic Line, Alexander E. Johnson of the Red Star Line.

The court is asked, because of the contract upon which the Government builds its petition, to declare this contract illegal and a violation of the Sherman act and restrain the defendants and all their officers and agents from acting under it, also to cancel the contract itself. Further, the bill prays that the court will enjoin each of the lines from entering or clearing any ships at the port of New York, or any other port in the United States, so long as the contract remains in effect.

Would Bar Control of Rates.

An injunction is asked further to prohibit the defendants from making any agreement to control rates or the regulations for carrying steerage passengers between the ports of the United States and Europe, or from doing anything to interfere with free and unrestrained competition. The interposition of the court to prevent the defendant steamship companies from conspiring with each other to destroy the business of other lines is asked, and, finally, that the defendants be restrained from doing anything to organize or maintain such a pool as is provided for under the agreement to which they are parties.

This agreement, dated Feb. 5, 1908, as set forth by the Government in its complaint, has most, if not all, of the features that the oldtime pooling agreements between the railroads used to have before the days of railroad regulation. It provides for a division of the steerage traffic between the companies participating on the basis of definite percentages, which are stated for east-bound and west-bound traffic. It provides that any company which exceeds its allowed percentage shall pay into the pool an amount equal to £4 for every excess passenger, this money to be distributed on a provisional settlement monthly and a final settlement yearly. It provides that a majority of the lines entitled to at least 75 per cent. of the traffic shall have power to raise these penalties as the steerage rate is raised and lower them as that rate is lowered, so that the "compensation price," as the penalty is called, shall be at all times sufficient to deter any of the lines in the pool from breaking the agreement.

Cut Under Competitors.

One of the most striking allegations of the complaint is that after the adoption of the original contract the parties thereto, which did not then include the Russian company formed a committee of three with power to take up ruinous competition with lines outside the pool. The plan of procedure was, according to the Government, to select from any of the lines in the combine steamers known within the pool as "fighting steamers," which were sent to ports where the competitors operated to cut rates against them until the competitors were driven out of business. The losses incident to this rate cutting were borne by the members of the pool.

The complaint was filed yesterday by United States Attorney Wise, who was assisted in its preparation by his assistants, Walcott H. Pitkin, John W. H. Crimm, and Felix Frankfurter. It begins by reciting that the defendants have for many years been engaged in the operation of

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steamship lines between ports of the United States and Europe, with agents in this city, and that all have handled large amounts of steerage business. The complaint declares that the number of immigrants coming to this country from Europe at steerage rates for the last five years has been 1,200,000 a year, and that 500,000 a year have returned to Europe during this same period; also that the steamship ccmpanies have realized about $50,000,000 a year from this traffic.

Then the complaint charges that on Feb. 5, 1908, in London, all the defendants but the Russian-American Line entered into the unlawful agreement. This agreement the complaint describes as follows:

1.—Feb. 5, 1908, at the City of London, in England, defendants, the Allan Line, the Anchor, Cunard, Hamburg-American, North German Lloyd, Red Star, International Mercantile Marine Company, White Star Line, International Navigation Company, Limited, the Dominion Line, and the Canadian Pacific Line entered into said unlawful combination and conspiracy in and by the execution of an unlawful contract, wherein and whereby each of them became a member of a voluntary association under the name and style of the Atlantic Conference.

2.—Under the terms of this contract these lines agreed to divide and share in the entire steerage traffic forwarded by all of them between all European ports and the United States and Canada with the exception of traffic consisting of Italian and Oriental, i. e., passengers to and from Greece, Africa, and Asia, steerage passengers forwarded by direct steamers through the Straits of Gibraltar, according to the following percentages:

Westbound.	Per Cent.
Allan Line	.62
Anchor Line	3.40
Cunard Line	13.75
Hamburg-American	19.61
Holland-America	6.63
North German Lloyd	26.63
Red Star	9.71
White Star	8.60
American	6.68
Dominion	4.47
Total	100.00

East Bound—Allan Line, 4.95 per cent.; Anchor Line, 3.93 per cent.; Cunard Line, 12.77 per cent.; Fiume Line, 2.35 per cent.; Hamburg-American Line, 12.35 per cent.; Holland-America Line, 6.10 per cent.; North German Lloyd Line, 18.79 per cent.; Red Star Line, 8.56 per cent.; International Mercantile Marine Company—White Star Line, 15.49 per cent.; American Line, 8.72 per cent.; Dominion Line, 1.50 per cent.; Canadian Pacific Line, 4.49 per cent.

3. By the terms of this contract they further agreed that each of them which in any year should carry steerage passengers in excess of the aforesaid agreed percentage should pay a compensation price of four pounds sterling for each excess steerage passenger so carried by it, and that the total of the compensation money so paid should be divided among the lines, parties to the agreement, which had failed to carry their agreed percentage of such steerage passengers in proportion to the number of steerage passengers which each line should be short; that a provisional settlement of such compensation money should be made betwen the lines each month and a final settlement at the end of each year on the basis of periodic accounts kept and rendered by the secretary of the association.

4. By the terms of this contract it was further agreed that a majority of lines entitled thereunder to at least 75 per cent. of the total agreed shares in said steerage traffic should have the right from time to time to raise or lower the above described compensation price of four pounds sterling, the expressed intention of the contracting parties being that such compensation price should be raised as the average steerage rate was raised, and should be lowered so that such compensation price would, at all times, be sufficient to deter each and any of the contracting parties from attempting to carry more than its agreed percentage of such steerage traffic, and at the same time it should not be sufficiently high to offer an inducement to any of them to refrain from carrying its agreed share.

Further to strengthen the provisions of the contract, it was provided that each of the parties to it should deposit with the Secretary of the association a sum of money equivalent to £1,000 for each 1 per cent. of the traffic allotted to it, and that on the withdrawal of any member of the association the money so deposited by it should be forfeited. Similar forfeiture was provided in case any line in the combination failed to pay its penalty of £4 for each steerage passenger carried in excess of its allotted percentage. Provision was made for the appointment of an arbitrator with power to impose a penalty of £250 for any violation of the provisions of the contract and forfeiture of the deposit is made the penalty for the non-payment of any fine so imposed.

Then comes the section of the complaint telling of the scheme to drive competition off the seas and of the establishment of "fighting steamships." For the purpose of eliminating and destroying all competition, the complaint asserts, there was formed at a meeting held in Cologne on March 28, 1908, a committee of three, consisting of agents of lines in the United States, with power to select the "fighting steamships" from any of the lines in the pool, and to advertise them to sail at the same time and from the same ports as the steamships of competing lines which it was desired to put out of business.

The rates at which this competition was to be conducted, according to the complaint, were to be cut sufficiently to kill off the competition, and the losses divided ratably by all the members of the association. In case these "fighting steamers" should not be able to accommodate all the traffic attracted by the reduced rates, the committee had power to designate other steamers from the pool lines to carry the excess.

The complaint charges that by such practices the Russian Volunteer Fleet, which formerly operated between New York and Libau, Russia, was put out of business, and that similar practices were undertaken against the Russian-American Line, until it came into the combination, in which it has ever since co-operated with the other defendants. At the present time the complaint charges that the same practices are being pursued to beat down the competition of the Uranium Steamship Company, and that unless the court grants the relief asked for all competition in the steerage business will be eliminated, rates maintained at an artificial level, and the traffic monopolized altogether.

The complaint closes by asserting that the defendant steamship lines now control upward of 80 per cent. of the steerage traffic, and that 75 per cent. of the traffic is regulated, limited, and restrained by the unlawful agreement.

Representatives of various of the lines involved, who were seen yesterday, refused to discuss the suit in advance of seeing the complaint. Among them were Leland Sanford, Secretary of the Atlantic Conference; P. A. S. Franklin of the International Mercantile Marine, Herman Winter of the North German Lloyd, and a Mr. Walker, who said he spoke for Mr. Sumner of the Cunard Company.

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